

Research Markets Today

20 October 2026

Events round-up

NZ: Performance of services index, Sep: 50.9 vs. 51.0 prev.
 NZ: Trade balance (ann \$b), Sep: -6.2 vs. -5.6 prev.
 CH: GDP (y/y%), Q3: 4.5 vs. 4.4 exp.
 CH: GDP (q/q%), Q3: 1.2 vs. 1.0 exp.
 CH: Retail sales (y/y%), Sep: 1.1 vs. 0.5 exp.
 CH: Industrial production (y/y%), Sep: 5.5 vs. 5.5 exp.
 CH: Fixed investment (YTD, y/y%), Sep: -7.2 vs. -7.3 exp.
 CA: CPI (y/y%), Sep: 3.1 vs. 3.2 exp.
 CA: CPI Core (avg med/trim, y/y%), Sep: 1.85 vs. 1.95 exp.
 US: NAHB housing market index, Oct: 29 vs. 31 exp.

Good morning

Risk appetite has improved, with a rebound in tech stocks driving a recovery in US equities. Commodity currencies have outperformed, while European assets have struggled following the weekend riots in France, putting French bonds under renewed pressure.

After last week's hit to investor sentiment towards the AI thematic, semiconductor stocks have rebounded, with the SOX index up 1.7% and breaking an eight-day losing streak. It remains to be seen whether this is merely a dead-cat bounce or whether investors view the recent sell-off as an opportunity to reload into the sector. In afternoon trading, the Nasdaq is up 1.1% and the S&P 500 is up 0.5%, paring earlier gains.

European equities have underperformed, with the Euro Stoxx 600 closing down 0.8% and all major markets in the region lower for the day. The shocking and widespread riots across France over the weekend have not helped sentiment. Gavekal Research sums up the situation neatly, with France confronting a social crisis, an immigration crisis, an energy crisis, an economic crisis, and a fiscal crisis.

In the bond market, the French-German 10-year spread has widened by 10 bps to 148 bps, its highest close since the European debt crisis in 2012, although spreads have been wider on an intraday basis over the past couple of weeks. France's 10-year yield rose 13 bps to 4.94%, its highest close since 2002, compared with a 3 bp rise in Germany's 10-year yield.

Reflecting some spillover from European markets and improved sentiment towards the AI sector, US Treasury yields have risen steadily overnight, with rates up 5–7 bps across the curve since last week's close. The 10-year yield is currently 5.14%, up 8 bps from the NZ close, following a small decline in yields during the Asian trading session.

In economic news, Canada's annual CPI inflation edged up to 3.1% y/y, slightly below consensus. The average of the two key core measures was also slightly weaker than expected, edging down to 1.85%. Meanwhile, the Bank of Canada's quarterly business outlook survey showed a sharp rise in inflation expectations, following BoC Governor Macklem's hawkish weekend comments on inflation and monetary policy. Together, these developments have shifted the balance towards the market pricing a good chance that the BoC raises rates next week, which would be its first hike of the cycle. Canadian 2-year yields are up 11 bps, supporting the CAD.

US homebuilder confidence, as measured by the NAHB survey, fell to 29, its lowest level since 2012, against a backdrop of higher mortgage rates and elevated new-home inventory.

Yesterday, China's Q3 GDP figures were stronger than consensus, with growth of 4.5% y/y, up from 4.3% in the previous quarter. Growth averaged 4.6% over the first three quarters of the year, within the government's annual target range of 4.5–5%. The monthly activity data continued to convey the same message: the significant downturn in the property sector remains a major drag on domestic demand, while growth is being powered by the AI boom and the export sector.

In currency markets, stronger risk appetite has supported commodity currencies, although overall moves have been modest. The AUD is the best performer among the majors, up 0.4% from last week's close to 0.6980, after meeting resistance just below 0.70 overnight. The NZD has edged up to 0.5665, after reaching an overnight high of 0.5675. NZD/AUD is modestly weaker at 0.8115. Higher rates have supported the CAD, leaving NZD/CAD weaker at 0.7980.

France's predicament has weighed on European currencies. EUR traded below 1.12 but is currently above that level. NZD/EUR has traded at its highest level in about six weeks and is currently at 0.5050. The NZD has also made modest gains against GBP and JPY.

In the domestic rates market, NZ bonds again underperformed on a cross-market basis, with NZGB yields marked 1–2 bps higher across the curve. The 10-year yield closed at 5.01%, 5 bps below the US 10-year yield at the time, compared with the negative 20–25 bp spread at which it traded early last week. In the swaps market, both the 2-year and 10-year rates were marked 1 bp higher, at 4.08% and 4.70%, respectively.

On the economic calendar, UK labour market data are due for release, followed tonight by second-tier US housing market data.

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Coming up

		Period	Cons.	Prev.	NZT
UK	Pvt earnings x bonus (3m/ly/y%)	Aug	3.0	2.9	19:00
UK	Unemployment rate (%)	Aug	4.9	4.9	19:00
US	Housing starts (k)	Sep	1300	1275	01:30
US	Building permits (k)	Sep	1385	1403	01:30
US	Pending home sales (m/m%)	Sep	-0.5	0.3	03:00

Source: Bloomberg

Currencies							Equities				Commodities			
FX Majors		Indicative overnight ranges (*)			Other FX		Major Indices				Price (Near futures, except CRB)			
	Last	% Day	Low	High		Last	% Day		Last	% Day	% Year		Last	Net Day
NZD	0.5664	+0.2	0.5652	0.5675	CHF	0.8258	+0.2	S&P 500	7,698	+0.5	15.5	Oil (Brent)	110.08	+0.1
AUD	0.6979	+0.5	0.6969	0.6993	SEK	9.914	-0.0	Dow	51,997	+0.0	12.6	Oil (WTI)	103.13	+1.5
EUR	1.1216	-0.2	1.1187	1.1231	NOK	9.410	-0.2	Nasdaq	26,434	+1.1	16.6	Gold	4139.0	-0.4
GBP	1.3310	-0.1	1.3299	1.3342	HKD	7.848	+0.0	Stoxx 50	6,145	-1.0	9.6	HRC steel	1287.0	+0.2
JPY	158.46	+0.3	157.88	158.55	CNY	6.681	-0.1	FTSE	10,765	-1.1	15.1	CRB	419.8	+0.0
CAD	1.4096	-0.3			SGD	1.280	+0.1	DAX	25,320	-1.2	6.2	SGX Iron Ore	91.75	+0.2
NZD/AUD	0.8116	-0.3			IDR	18,046	+0.1	CAC 40	7,868	-1.1	-3.7	NZ Milk '27	10.27	+0.1
NZD/EUR	0.5050	+0.4			THB	33.58	+0.5	Nikkei	64,917	-0.6	32.0	NZ Milk '28	10.16	+0.0
NZD/GBP	0.4255	+0.3			KRW	1,332	-0.1	Shanghai	3,731	+0.4	-2.8	NZ Milk '29	9.99	+0.0
NZD/JPY	89.75	+0.5			TWD	32.51	+0.3	ASX 200	8,846	+0.4	-2.1	WM powder	3840	+0.9
NZD/CAD	0.7984	-0.1			PHP	63.08	+0.2	NZX 50	13,652	-0.7	2.3	Australian Futures		
NZ TWI	64.44	+0.1						VIX Index	18.46	-7.7	-11.2	3 year bond	95.16	0.00
												10 year bond	94.70	-0.05
Interest Rates														
Rates		Swap Yields		Benchmark 10 Yr Bonds			NZ Government Bonds			NZ BKBM and Swap Yields				
	Cash	3Mth	2 Yr	10 Yr		Last	Net Day		Last	Chg		Last	Chg	
USD	4.00	4.85	4.62	4.75	USD	5.14	0.07	15-May-28	3.91	0.02	BKBM 1-mth	3.07	0.04	
AUD	4.60	4.77	4.88	5.42	AUD	5.23	-0.00	20-Apr-29	4.17	0.02	BKBM 3-mth	3.30	0.04	
NZD	2.75	3.30	4.08	4.70	NZD	5.01	0.01	15-May-30	4.34	0.02	1 year	3.79	0.02	
EUR	2.50	2.64	3.42	3.56	GER	3.46	0.03	15-May-31	4.49	0.02	2 year	4.08	0.01	
GBP	3.75	3.87	4.73	4.98	GBP	5.43	0.06	15-May-32	4.62	0.02	3 year	4.22	0.02	
JPY	1.25	1.31	1.90	2.82	JPY	2.91	-0.02	14-Apr-33	4.73	0.02	5 year	4.39	0.01	
CAD	2.25	2.53	3.25	3.72	CAD	3.93	0.10	15-May-34	4.83	0.02	7 year	4.53	0.01	
								15-May-35	4.93	0.01	10 year	4.70	0.01	
								15-May-36	5.01	0.02	15 year	4.92	0.01	
								15-May-37	5.11	0.02				
								15-May-38	5.16	0.02				
								15-May-41	5.36	0.01				
								15-May-51	5.56	0.01				
								15-May-54	5.56	0.01				
Carbon Price				Policy Meeting Run				NZ Inflation-Indexed Bonds						
	Level	% Day	% Year		NZD	AUD	USD							
NZU	49.50	-2.0	-10.4	1st	2.96	4.68	3.93	Sept-30	1.92	0.02				
* These are indicative ranges from 5pm NZT; please confirm rates with your BNZ dealer				2nd	3.14	4.76	4.15	Sept-35	2.69	0.01				
Rates are as of: NZT 06:53				3rd	3.32	4.82	4.26	Sept-40	3.14	0.01				
Source: Bloomberg				4th	3.48	4.84	4.43							
				5th	3.63	4.87	4.52							

NZD exchange rates

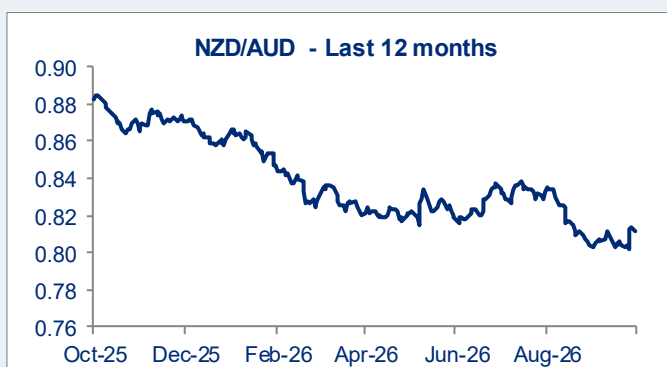
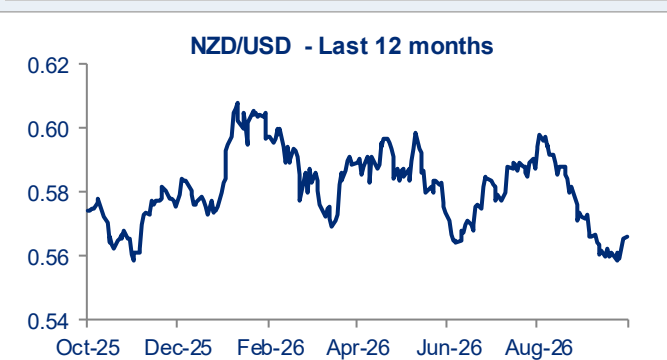
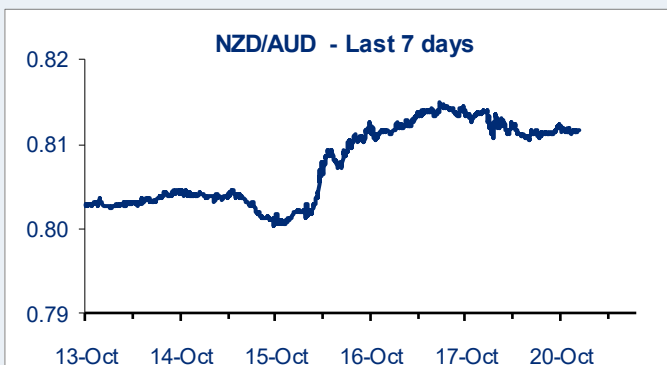
20/10/2026	6:53 am	Prev. NY close
USD	0.5664	0.5652
GBP	0.4255	0.4241
AUD	0.8116	0.8137
EUR	0.5050	0.5029
JPY	89.75	89.31
CAD	0.7984	0.7992
CHF	0.4678	0.4657
DKK	3.7755	3.7592
FJD	1.2736	1.2701
HKD	4.4429	4.4357
INR	53.74	53.67
NOK	5.3312	5.3318
PKR	156.73	156.57
PHP	35.71	35.60
PGK	2.5386	2.5368
SEK	5.6178	5.6052
SGD	0.7248	0.7230
CNY	3.7822	3.7793
THB	19.01	18.93
TOP	1.3329	1.3352
VUV	67.83	67.80
WST	1.5617	1.5610
XPF	60.10	60.08
ZAR	9.3071	9.3127

NZD/USD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	5.49	5.71
3 Months	15.04	15.66
6 Months	28.90	30.10
9 Months	40.77	43.85
1 Year	51.62	55.28

NZD/AUD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	12.03	12.51
3 Months	31.88	33.15
6 Months	59.16	61.83
9 Months	79.94	86.03
1 Year	97.60	105.21



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